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AN ESSAY ON FREE TRADE

BY

RICHARD HAWLEY.

"Commerce should be as free as the winds of Heaven."—PATRICK HENRY.

"Free Trade, one of the greatest blessings which a government can confer on a people."—THOMAS BABINGTON MACAULAY.

NEW YORK
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TO

DAVID A. WELLS

THE DISTINGUISHED ADVOCATE OF ECONOMIC TRUTH,

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AN ESSAY ON FREE TRADE.

DURING the past few years the people of the United States have been passing through the most severe commercial crisis known to the present generation. Business has been largely prostrated; and some branches of productive industry paralyzed: multitudes of working men have been unable to find employment by means of which to support themselves, and those dependent upon them. A long roll of shattered fortunes and bankrupt estates add the finishing stroke to the otherwise sad and gloomy picture. We naturally inquire what is the cause? To my mind government is largely at fault. The men who controlled the national councils, and framed our laws from 1861 to 1867 inclusive, departed from a fundamental principle of political economy. They legislated more in the interests of monopoly than with an eye single to the public good, thereby largely augmenting and prolonging the evils inevitably resulting from our civil war. Professor Perry, in his Political Economy says: "Congress seized the opportunity of the withdrawal of the South-

ern members for discriminating in favor of the articles in which they were interested, even to the extent of diminishing the revenue." Professor W. G. Sumner, of Yale College, writes: "I believe that the historian, when he comes to criticize this period in our history, will say, that the welfare of a great nation never was so recklessly sacrificed by ignorant empiricism in legislation; nor the patriotism of a great people ever so wantonly abused as in the tariff legislation of our war."

At an early day in our history, Patrick Henry uttered these memorable words; "Commerce should be as free as the winds of Heaven; a restricted Commerce is like a man in chains, crippled in all his movements and bowed to the earth; but let him twist the fetters from his legs and he stands erect." This is Free Trade, as opposed to Protection. Its examination will be practical rather than theoretical; and will embrace the experience of Great Britain as well as that of the United States. A tree is known by its fruit. This is more than a divine proposition. It is a human test to which Protectionists, and Free Traders alike, appeal. By this criterion let the merits of the two principles and systems be tried; the one to be adopted, the other to be repudiated. In England the dividing line between Free Trade and Protection is found in the repeal of the Corn Laws in the year 1846. The condition of the country prior to that event, with its subsequent condition, will form the ground on which an intelligent judgment may be formed in regard to the

merits of the rival systems. While the United States do not afford as good a basis of comparison as England, one ample for the purpose is found in the decades, first from 1840 to 1850, and second from 1850 to 1860.

Without excluding our previous history, but making drafts upon it whenever it sheds additional light upon the subject, these two decades will be mostly relied on to furnish evidence on which to form a reliable conclusion. The first period embraced four years of high Protection, and the last decade was one of uninterrupted Revenue Tariff and Free Trade. The Reciprocity Treaty with Canada operated for six years of the time. There was a monetary depression in each decade, first, in connection with the resumption of specie payments in 1842, and, second, the bank panic and suspensions of 1857. The selection of these periods avoid all the derangements of business incident to the war, including that of a greatly expanded currency. In examining this great question in the light of history, it will be found, that Protection has provoked many wars and rebellions. The war of the Revolution from which we date our own independence as a nation, was of this character. The historian Bancroft says: "American Independence like the great rivers of the country, had many sources, but the head spring, that colored all the stream was the Navigation Act." "This odious measure provided that no commodities whatever, being the growth, product, or manufacture, of Asia, Africa or America, should be imported into England or her

Colonies, except in ships belonging to English subjects, and of which the master, and the greater part of the crew, were also English. Subsequently the ordinance was re-enacted with additional clauses, virtually excluding foreign ships from American harbors, and sacrificing to English monopoly the natural rights of the Colonies."

In keeping with these despotic regulations, directed against the commerce of the Colonies, were laws for the suppression of important manufactures, as well as their internal trade. "In the land of the beaver no man could be a hatter without having served an apprenticeship of seven years at the trade, nor could an American hat be sent out of one province into another. In a land abounding in iron ore, wood and coal, slitting mills, steel furnaces, and plating forges, to work with a tilt hammer, were prohibited as nuisances. Even Lord Chatham, the best friend of the Colonies in the English Parliament, declared, that in a certain probable contingency, he would be for prohibiting in the Colonies the manufacture of so much as a horse-shoe or a hob-nail. Lord Sheffield at a latter period, declared the only use of the American Colonies to be "the monopoly of their consumption and the carriage of their produce."

As might have been foreseen, these violations of natural law soon worked their own overthrow, and the mother country lost the brightest jewels in her crown of empire.

It is said there is no loss without some gain, and cer-

tainly that was true in this instance; not only as it respects our own country, but also England, for she was led thereby to re-examine the foundations of her commercial system, and by degrees to adopt the policy of Free Trade, which has made her richer, greater, and more powerful than ever before. It is worthy of note, that in the very year in which the Colonies declared their independence, 1776, Adam Smith completed his imperishable work entitled, "An Enquiry into the Nature and Causes of the Wealth of Nations."

In 1817, three members of Parliament initiated a movement for the repeal of the salt duty. The duty had been levied for one hundred and twenty-five years, and was yielding a revenue to the government at the rate of one and a half millions of pounds sterling per annum. Their effort was opposed by the agent of the salt monopolies, who asked that the duty might be made prohibitory; considering it entitled to the same protection enjoyed by other interests. The movement however, progressed, and after a five year's struggle, the duty was entirely abolished. Thus fell, what Thomas H. Benton characterized, as "an odious, impious, and criminal tax."

In the year succeeding the repeal of the salt tax, the Navigation Act was modified so as to exempt from its provisions those nations who allowed equal rights to British shipping, thus avoiding the necessity of the ridiculous and costly practice of ships crossing the ocean in ballast, for the sake of the return cargo. The abandon-

ment of this phase of protection justified the most sanguine predictions and expectations of its friends. The national tonnage during the preceding nineteen years increased but 10 per cent.; whereas, during the succeeding twenty-one years it increased 45 per cent.

The leaven of Free Trade principles continued to work in England under the wise and skillful supervision of Richard Cobden, and reached its culminating triumph in the repeal of the Corn Laws, in 1846. The measure passed the House of Commons by a majority of 97, and the House of Lords by 47.

INCREASE OF EXPORTS AND IMPORTS.

“The exports of England in 1842 were £113,841,862 sterling. In 1865 they were £363,067,112 sterling. The imports in the same period rose from £65,253,286 to £181,806,048. The number of articles subject to duty in the customs tariff of 1842 was 1150. The number of articles charged with duty in 1870 was 43—the duty on these was not of a protective character. The revenue kept remarkably steady under the successive remissions of duty; being about the same in 1870 as in 1842,—that is, between twenty-two and twenty-three millions of pounds sterling. The list of dutiable articles is now reduced to a bare dozen, and the customs revenue raised almost entirely from tea, coffee, tobacco, spirits and wine.”

THE CONDITION OF THE COUNTRY PRIOR TO 1846.

While Free Trade principles began to work toward the close of the last century, there was no association for their promulgation until 1838, when a Free Trade organization was formed at Manchester, on the occasion of a public dinner to Dr. Browning. The fifty or sixty gentlemen present formed the nucleus of the movement which in eight years won a signal and lasting triumph. The evidence is conclusive which shows that the state of the country at this time was very much depressed; wretchedness, turbulence and crime abounded on every hand.

The following extracts from Prof. Fawcett's new book will show the deplorable condition of the rural population, and of the commercial classes of England under the Protective system. It is scarcely necessary to say that the political economist of Cambridge University is especially well informed in all that bears on Free Trade and Protection in England: "The period to which I refer was one of the profoundest peace—the National expenditure was at its lowest point, and yet during these thirty years, from 1815 to 1843, there was absolutely no development in the trade of the country. In 1841 the exports were about fifty-one millions a year, the precise amount at which they stood a quarter of a century previously. * * * During the thirty years that the Corn laws were in existence, five Parliamentary com-

mittees were appointed to inquire into the cause of agricultural distress. During the thirty years since 1845 agriculture has had no protection; and although there have been times when unpropitious seasons caused losses to farmers, yet on no single occasion has the general condition of agriculture been such as to call for a parliamentary enquiry; but distressed as was the condition of agriculture during the continuance of the Corn Laws, the general trade of the country was, if possible, in a more unsatisfactory position."

On the same subject and in the same connection Prof. Fawcett says: "With this decline in the prosperity of the farmer, and with this decrease in the amount of capital which he could afford to employ in the cultivation of the land, it was inevitable that there should be a marked deterioration in the condition of the agricultural laborer. There probably never was a time when the rural laborer was in a more deplorable condition. With the diminution of the farmers' capital the demand for labor decreased, and the general trade of the country had become so paralyzed that there was no outlet for the unemployed labor which was steadily accumulating in the rural districts. Wages were consequently reduced to a minimum, often not more than 7s. or 8s. per week could be earned, and the greatest distress prevailed in the rural districts."

Martineau's history describes as follows the distress of the manufacturing districts:

“The operatives were first employed half time; then they had no work, and were known to be living upon their savings; then there were public meetings to consider what could be done; and public subscriptions which came to an end while yet no prospect opened; and then there were a thousand operatives employed on the roads in one place, and five thousand, ten thousand, fourteen thousand, seemed to be merely waiting for alms or death in others. As usual, crime began to abound, the murders came in batches—horrible poisonings, combination murders, murders for purposes of theft, from the nobleman in his bed, to the sawyer in his pit, abound in the chronicles of the period. New crimes arose, not bearing any immediate relation to the distress; as a vitiated atmosphere not only produces one frightful epidemic, but new or aggravated disease of other kinds. Ships were cast away one after another, from wretches boring holes to sink them in order to obtain the insurance.” Concerning opium-eating: “It spread far more fearfully among the hungry; in the large manufacturing towns, the druggists now employed their spare minutes throughout the week in making up penny or two-penny packets of opium, for sale on Saturdays, when hundreds of poor creatures would come to receive from the long rows on the counter the packet which was to give them stupor till the miserable Monday morning.”

“A committee of inquiry reported in 1842 that one-quarter of the population in Carlisle was in a state of

starvation. In Stockport more than half the master-spinners had failed before the close of 1842; 5,000 persons were walking the streets in idleness. The great body of Lancashire operatives knew that their employers were sinking into ruin and had nothing to give them but out of their dwindling capital. In the potteries a force of 6,000 malcontents, spread over an extent of seven miles, and occasionally committing violence on recusant masters or men, kept Staffordshire in alarm."

These extracts from the history of the period could be multiplied indefinitely, all going to show that the country was in a feverish state of suffering and discontent. The great and aggressive Chartist movement flourished in the decade immediately preceding the repeal of the Corn Laws;—a movement that disturbed the peace of the country and threatened the very existence of the Government. On the 10th of April, 1848, their last organized meeting was held in London. It was a very imposing affair. Louis Napoleon was one of the vast number of special police enrolled on that occasion to aid in preserving the public peace. The huge petition containing one and a half million names in behalf of the reforms demanded by the Chartists was sent to the House of Commons, after which the meeting quietly dispersed. History says that they were heard of no more as Chartists. The reader will draw his own inference as to whether the improved state of the country as it will presently appear had anything to do with this result.

Lord John Russell, Sir Robert Peel and W. E. Gladstone, were a unit in opposition to Protection and in favor of Free Trade. Lord John Russell wrote in October, 1845, "Let us then unite to put an end to a system which has proved the blight of commerce, the bane of agriculture, the source of bitter divisions between classes, the cause of penury, fever, mortality and crime among the people."

Sir Robert Peel, under whose leadership the final change from Protection to Free Trade was effected, in referring to the matter in his speech on the passage of the bill, and in a subsequent speech on the eve of retiring from power said: "You have a right, I admit, to taunt me with my change of opinion on the Corn Laws; but when you say that by my adoption of the principles of Free Trade, I have acted in contradiction to those principles which I have always avowed during my whole life,—that charge, at least, I say, is destitute of foundation. *

* * Our object was so to apportion taxation, that we should relieve industry and labor from any undue burden, and transfer it, so far as is consistent with the public good, to those who are better enabled to bear it. I look on the present peace of this country; I look on the absence of all disturbance,—to non-commitment for any seditious offence; I look to the calm that prevails in the public mind; I look to the absence of all disaffection; I look to the increased and growing public confidence on account of the course you have taken in re-

lieving trade and industry from unjust burdens, and where there was dissatisfaction I see contentment; where there was disturbance I see there is peace; where there was disloyalty I see there is loyalty." In his farewell speech he said; "I shall surrender power severely censured by those who, from no interested motives, adhere to Protection, considering it essential to the welfare and interests of the country. I shall leave a name execrated by every monopolist, who, from less honorable motives, clamors for Protection, because it conduces to his own individual benefit; but, it may be that I shall leave a name sometimes remembered with expressions of good will in the abodes of those whose lot it is to labor, and to earn their daily bread by the sweat of their brow, when they shall recruit their exhausted strength with abundant and untaxed food, the sweeter because it is no longer leavened with a sense of injustice."

In the beginning of 1849 the complete repeal of the Navigation Laws took place; by this measure the coasting trade of Great Britain was thrown open to unrestricted competition. Referring to this, history says,— "The improvement in the construction of ships, the qualification of seamen, and in the management of commerce has equalled the highest expectations; and the expansion of trade has far exceeded it."

The last discussion of Free Trade principles in the British Parliament, during the period embraced in Martineau's history, occurred in the autumn of 1852, when

Mr. Villiers and Lord Palmerston in the one House, and Lord Clanricarde in the other, offered a Free Trade resolution. "The consequence being an opposition which tested the force of the Protectionists for the last time. The Protectionists found the cause lost beyond retrieval." The majority of the House of Commons was so remarkable that it demands a place in history. The resolution was, "That the improved condition of the country, and especially of the industrious classes, is mainly the result of recent legislation, which has established the principle of unrestricted competition, has abolished taxes imposed for the purposes of Protection, and has thereby diminished the cost, and increased the abundance of the principal articles of the food of the people." As the same economic principles apply to the distribution of all the necessities and comforts of life, the entire doctrine of Free Trade was affirmed by the Commons of the British Empire, when 458 members supporting the resolution were met by only 53 against it. Here ended the controversy in the leading commercial country in the world.

In 1856, Gladstone, then Chancellor of the Exchequer, spoke as follows: "There is one domestic feature which I wish it was in our power effectually to exhibit to the governments and inhabitants of foreign countries." They know by statistics which are open to the world the immense extension which our commerce has attained under and by virtue of freedom of trade, and the great ad-

vancement that has happily been achieved in the condition of the people. But they do not know what it has cost us to achieve this beneficent, nay, blessed change—what time, what struggles, what interruptions of the great work of legislation; what animosities and divisions among the great classes which make up the nation; what shocks to our established mode of conducting the government of the country; what fears and risks at some periods of public convulsion! These were the fine and penalty we paid for long adherence to folly; we paid this fine and penalty on returning to the path of wisdom which, too late, we wish we had never left.”

In J. R. McCulloch’s “Commercial Dictionary,” published in 1869, Free Trade receives the strongest possible support. In referring to the changes effected under Sir Robert Peel, it says: “These were so very extensive, that they left but little for others to accomplish; and that little having been since effected, our commercial policy is of the most liberal character. The time anticipated by the poet has already come:

“ When free as sea or wind,
Unbounded Thames shall flow for all mankind,
Whole nations enter with each swelling tide,
And seas but join the regions they divide.”

—POPE.

In “Chambers’s Encyclopædia,” published in 1860, under the head of Free Trade, the conclusion which has been reached in England is stated as follows: “Free Trade expresses the most important and fundamental

truth in political economy." Again, "It has in reality been established as the result of a double experience; the one being the failure of all deviations from it; the other, the practical success of the principle during the short time in which it has been permitted to regulate the commerce of the country."

A recent Encyclopædia, "The National," published in London, Glasgow and Edinburgh, by William McKenzie, discusses Free Trade under several heads. A paragraph under the head of "Capital" is as follows: "The paramount value of capital should never be overlooked by government; unwise laws, restrictions upon commerce, improvident taxation which are unfavorable to its growth should be dreaded as poison to the national wealth and happiness. But while the national growth of capital should not be interfered with by restrictions, the opposite error of forcing it into particular channels should equally be avoided. Industry requires from a government nothing but freedom for its exercise, and capital will then find its own way into the most productive employments: for its genius is more fertile than that of statesmen, and its energy is greatest when left to itself."

Although thirty-two years have elapsed since the advent of Free Trade in England, there has been no change in public sentiment on the subject, only that this is more confirmed than ever in favor of the policy. On this subject I speak with confidence, for the evidence is of the most conclusive kind. Only yesterday a note dated

London, August 1st, 1878, written by an intelligent and trustworthy gentleman, once a resident of the United States, contains the following:

“It is my conviction that this country will never disavow or revoke her Free Trade principles and measures, happen what may.”

In observing carefully the transition from Protection to Free Trade in England, three things deserve particular attention. First, is the pressing need that existed for relief from the ills under which the country was suffering. Second, the large benefits which the measure effected. Third, the strength of the vote by which the change was made, and more especially the almost unanimous vote which occurred six years afterwards, by which 458 members of the House of Commons, to 53, endorsed the results of the great commercial revolution.

THE TARIFF QUESTION IN THE UNITED STATES.

In our own country, from 1824 to 1833, the demands of the Protectionists threatened the peace of the nation, causing those bitter animosities and divisions so graphically described as having taken place in Great Britain.

The question, however, was put temporarily to rest by the adoption of the Compromise Tariff of 1833, providing that duties should be reduced every alternate year during the period of nine and a half years, until reaching the revenue standard of 20 per cent.

President Jackson, together with a majority of both

Houses of Congress, had been elected in opposition to the Protective system. Mr. Clay avowed that his object in framing the bill was, "to secure the protection to manufacturers, which everyone foresaw must otherwise soon be swept away."

President Jackson uses the following language in his annual Message of 1833: "Those who take an enlarged view of the condition of our country, must be satisfied that the policy of Protection must be ultimately limited to those articles of domestic manufacture which are indispensable to our safety in time of war. Within this scope, on a reasonable scale, it is recommended by every consideration of patriotism and duty, which will always, doubtless, secure for it a liberal support; but beyond this object we have already seen the operation of the system productive of discontent. In some sections of the Republic its influence is deprecated as tending to concentrate wealth in few hands, and as creating those germs of dependence and vice, which in other countries have characterized the existence of monopolies, and proved so destructive of liberty and the public good. A large portion of the public in one section of the Union declares it not only inexpedient on these grounds, but as disturbing the equal relations of capital by legislation, and, therefore, unconstitutional and unjust."

Thomas H. Benton has called attention to a feature of the tariff of 1833, which deserves to be recorded here. At the time referred to there was a coarse woolen cloth

called "Kendal cotton" manufactured in Connecticut, and worn by the laboring population all over the Union. The year before, the duty on this cloth was fixed at 5 per cent.; but in the Compromise Tariff which was intended to reduce duties, the rate on this article was advanced tenfold, to 50 per cent. The bill at the same time was framed to admit silks, cambrics and fine linens, free of duty; nor could the Protectionists be induced to let up on the heavy tax which they had cut and dried for the poor man's cloth. Mr. Clay himself declared, that without this feature in the bill it could not pass. This is a straw which may suggest, what hereafter will more clearly appear, that as a class, Protectionists have no bowels of compassion for the poor. Their sympathies are rather with those who dress in silk, cambric and fine linen; and, it may be, fare sumptuously every day. To the same purpose the Internal Revenue laws of to-day tax the poor man's beer one dollar per barrel, while the rich man's still and sparkling Catawba is exempt from Internal Revenue taxation, just as the silks, cambrics and fine linens were exempt from import duty fifty years ago. The guileless and simple-hearted are in the habit of believing that legislation should lean towards the weak. They have an impression that "the whole need not a physician," and that the rich have no need to be protected by special legislation from the "wolf at the door."

The very first object of the Constitution of the United

States, after the formation of a more perfect union, was to establish justice; and in future legislation, whether relating to the tariff or otherwise, it is to be hoped that this cardinal principle of the organic law will be more strictly observed. To further portray the dissatisfaction and discontent caused by the tariff of 1824 and 1828, and to show the ground on which Kentucky, the home of Clay, accepted Protection, I quote from a speech made in the United States Senate, by the Hon. John Rowan, in 1828,

Mr. Rowan said: "It is in vain, Mr. President, that it is called the American system; names do not alter things; there is but one American system, and that is delineated in the State and Federal Constitutions. It is the system of equal rights secured by the Constitution—a system which instead of subjecting the labor of some to taxation with a view to enrich others, secures to all the proceeds of their labor, exempts all from taxation except for the support of the protecting power of the government. As a tax necessary for the support of the government, he would support it, call it by what name you please; as a tax for any other purpose, it had his individual reprobation. He was one of the organs here of a state that had by the tariff of 1824 been chained to the car of the Eastern manufacturers—a state that from that time, and now, was groaning under the pressure of that unequal measure—a measure from the pressure of which, owing to the prevailing illusion throughout the United

States, she saw no hope of escape by a speedy return to correct principles, and seeing no hope of escaping from the ills of the system, she is constrained, on principles of self-defence, to avail herself of the mitigations which the Bill presents in the duties which it imposes on foreign hemp, iron, spirits and molasses. The hemp, iron and distilled spirits of the West, will, like the woolens of the Eastern states, be encouraged to the extent of the tax indirectly imposed by this bill upon those who shall buy and consume them. Those who may buy these articles must pay to the grower or manufacturers of them an increased price to the amount of the duties imposed on like articles of foreign growth or fabric. To this tax on the labor of the consumers his individual judgment was opposed."

It is not to be understood from what Mr. Rowan has said, that Free Traders claim that the price of domestic articles is always enhanced to an extent equal to the duty paid on the rival articles of foreign growth or manufacture, but only that this is the rule subject to certain modifications and exceptions. On this subject, John Quincy Adams, a contemporary of Mr. Rowan, and from 1824 to 1828 President of the United States, as chairman of the House Committee on Manufactures in 1832, said: "The doctrine that duties of import seem to cheapen the price of the articles on which they are levied, seems to conflict with the first dictates of common sense. The duty constitutes a part of the price of the whole mass of the

article in the market. It is substantially paid upon the article of domestic manufacture, as well as upon that of foreign production. Upon one it is a bounty, upon the other a burden, and the repeal of the tax must operate as an equivalent reduction of the price of the article, whether foreign or domestic. We say so long as the importation continues, the duty must be paid by the purchaser of the article." * * * * *

The general and permanent effect must be to increase the price of the article to the extent of the additional duty, and it is then paid by the consumer. If it were not so, if the general effect of adding to a duty was to reduce the price of the article upon which it is levied, the converse of the proposition would also be true, and the operation for increasing the price of the domestic article would be to repeal the duty on the same article imported,—an experiment, which the friends of our internal industry will not be desirous of making. We cannot subscribe, therefore, to the doctrine that the duties of import, protective of our own manufactures, are paid by the foreign merchant or manufacturer."

"THE FATHERS."

Horace Greeley, in his "Political Economy," quotes "The Fathers," but their words do not go far enough to help Protectionists who live in the latter part of the nineteenth century. For example, Washington, in his first message to Congress, says: "The safety and interest of

the people require that they should promote such manufactures as tend to render them independent of others, for essential, particularly for military supplies."

The answer is that the United States can now supply themselves and foreign nations with essential articles, firearms and munitions of war. "Our improved firearms," says the Secretary of the Interior for 1860, "have already, especially rifles and pistols, obtained a reputation not alone in Europe, but in Africa, Asia and the Islands of the Sea. The machinery and tools for the armory at Enfield, England, were made at Windsor, Vermont, Hartford, Connecticut, and Chicopee, Massachusetts." In 1860, a year of peace, two factories in a New England City produced firearms to the value of over a million of dollars. In the same year we exported \$467,772 worth of gunpowder. From all of which facts we conclude that General Washington's advice is no longer applicable to our circumstances. John Adams is not quoted, possibly because he attributed the lion's share of our prosperity to commerce, but the excellent Madison, styled the Father of the Constitution, is. Referring to the "Useful Manufactures" that had been established, President Madison said: "That it may be expedient to guard the infancy of this improvement in the distribution of labor, by legislation of the commercial tariff, cannot fail to suggest itself to your patriotic reflections." In a later message he said: "In adjusting the duties on imports to the object of revenue, the in-

fluence of the tariff on manufactures will necessarily present itself for consideration. However wise the theory may be which leaves to the sagacity and interest of individuals the application of their industry and resources, there are in this, as in all other cases, exceptions to the general rule." Others will interpret the words of Madison, each for himself, but to my mind they do not afford one jot of comfort to the Protectionists of to-day, for two reasons: First. Modern Protectionists manipulate and adjust the tariff to protection, and not to revenue. The tariff of 1824, Mr. Greeley admits, was avowedly and entirely enacted in the interest of protection. Henry Clay defended the constitutionality of the bill, as originating in the Senate on this ground. Thus the rule of Madison was reversed: protection became the object of tariff legislation, and revenue the incident. Second. The question was about guarding the period of infancy. The leading manufactures have had ample time for growth and maturity; the infantile period has long since passed. A biographer of Henry Clay, in 1857, a Mr. Clark, considered it passed then; hence he said: "Because protection is no longer needed, many persons suppose it was never necessary."

But President Madison concedes the wisdom of Free Trade as a rule, and only claims that there are exceptions as to all other general rules. To show Madison's Free Trade views still further, the following is given from the Constitution Debates: "I own myself the friend of a

very free system of commerce. If industry and labor are left free to take their own course, they will generally be directed to those objects which are most productive, and that in a manner more certain and direct than the wisdom of the most enlightened legislature could point out. Nor do I believe that the national interest is more promoted by such legislative directions than the individuals concerned, yet I conclude that exceptions exist in this rule important in themselves, and claiming the particular attention of the committee." The exception here referred to was where reciprocal privileges were denied, as was the case under the British Navigation Laws at the time he spoke.

Vice President George M. Dallas, during the pendency of the tariff bill of 1846, and before giving the casting vote for that measure, said: "This exercise of the taxing power was originally intended to be temporary. The design was to foster feeble infant manufactures, especially such as were essential for the defense of the country in time of war. In this design the people have persevered, until these saplings have taken root, become vigorous, expanded and powerful, and are prepared to enter with confidence the field of fair, free and universal competition."

Thomas Jefferson is quoted on the side of Protection. In his second annual Message he said: "To cultivate peace, and maintain commerce and navigation in all their lawful enterprises; to foster our fisheries as nurseries of

navigation, and for the nurture of man, and protect the manufacturers suited to our circumstances."

The limitation of Jefferson implies that but a little protection would be required, nor would that little be needed long. In harmony with this view, more than two years before the expiration of his second term of office he advised the repeal of the duty on salt, "because a necessary of life, and much otherwise used," and what adds to its significance is that every Republican voted for the measure, and many Federalists; in fact, but five members voted against it. Add to this that the low tariff of 1789 was then in force, the duties of which were fixed originally on cotton goods at five per cent., on iron seven and a half, and on woolen five. This tariff, with duties, increased to an average of about thirteen per cent., lasted for twenty-five years. From all of which facts it may be inferred that if living, Jefferson would not be found in the ranks of modern Protectionists. Mr. Greeley quotes with approval Louis Blanc against competition as follows: "Competition is a source of general impoverishment, because it induces an immense and continual loss of human labor; because every day, every hour, everywhere, it reveals its empire by the annihilation of human industry—that is to say by the annihilation of capital, of the raw material, of time, of labor employed."

In scanning closely this wholesale denunciation of competition, it may be asked: is there a single principle that conserves the well being and prosperity of individual life that does not equally conduce to the prosperity of na-

tional life? If the individual needs to practice economy and industry, and to cultivate intelligence and virtue, to insure prosperity and happiness, so does the nation. And it would be just as absurd to restrict the application of these virtues to geographical limits, as it is to denounce competition when it crosses a national line, and to endorse it when operating within national boundaries. Economic principles know nothing of geographical or national limits.

I apprehend that the legitimate and logical outcome of Protection is an enforced and widespread communism, and that the writer whom Mr. Greeley endorsed, and whom we have quoted, had reached that conclusion, for, in advocating the establishment of government workshops, as it seems he does, he cannot logically stop short of advocating farming, in a word the absorption, by government, of every individual interest.

But are Protectionists as a class prepared to accept a principle that saps the foundation of individual enterprise and responsibility, blotting out emulation and competition, the very groundwork of the highest attainments in literature, science and art?

There is, however, no fear of the reversal of the maxim which attributes the life of trade to competition. It is founded on an indelible element of our being, and those who war against it war against nature.

That the protective system leads to communism, is supported by the fact that Pennsylvania, the "Hub" of

protection, has suffered more than any other state from the outbreaks of the communists. This is not a mere coincidence; it is cause and effect—"sowing to the wind, and reaping the whirlwind."

Many citizens of Pennsylvania agree perfectly with George M. Dallas that the time has more than come to lay aside the swaddling clothes of protection forever, and to occupy "with confidence the field of free, fair and universal competition." One of Pittsburg's leading editors said to the writer in 1872: "Our best men now admit that it is protection that has killed us, by over stimulating our industries." It is gratifying to know that all over this broad land earnest and significant protests are being made to a system which acts as a blight and a mildew on the productive powers of the nation.

No apology is needed for giving the following quotation, from an editorial in the *Galveston (Texas) News*: "The Pennsylvania Democracy follow the example of the National and Republican conventions of the same state in attesting their adhesion to the monstrous system of spoliation, which has insulted its victims, the toiling and consuming masses of the country, by flying the banner of protection to home industry. Manufactures should be encouraged, say these Democratic Protectionists of Philadelphia, so that steady employment and fair wages may be yielded, while safety of investment and moderate returns for its use, belong to capital. And yet for nearly twenty years legislation has been

systematically shaped to the encouragement of manufactures, under the pretense of securing steady employment and fair wages to labor, as well as safety of investment to capital. With this professed object, every device of discrimination, restriction or prohibition has been tried to exhaustion, and with what result?

Pennsylvania alone, not to go for an answer to other states, may tell in her industrial and social conditions the disastrous tale.

The protection, so-called, has reached its climax, with thousands of laborers on the one hand, not only denied fair wages, but without employment on any terms, and drifting into turbulent and destructive desperation, and with manufacturing capitalists on the other hand, once so complacent and lordly, in consternation at the perfect work of legislation designed for their peculiar benefit, but which is found at last drying up home as well as foreign markets, loading them with over-productive and idle machinery, and girding them round with the perils of the most discontented and most revolutionary labor population in the continent.

PROTECTIONISTS AT CROSS PURPOSES WITH THEMSELVES.

“A man cannot serve two masters,” neither can a house divided against itself stand. It is just here that Protectionists attempt the impossible, and place themselves in a position which is fatal to their plea. They protect capital in its preferred forms, while they avail

themselves of free trade in labor. This they have freely done, when they have through immigrant aid societies brought into the country skilled European workmen.

In this way they have reduced wages by competition, inasmuch as the law of supply and demand, within certain limits, not only regulates the price of the products of labor, but of labor itself. They have championed the importation of the cheap Coolie labor of China. In proof of this I refer to a Protectionist journal, formerly published in Detroit called the "Protectionist." One of its numbers contained an editorial comparing American and adopted citizens as workmen with the Chinese, to the disparagement of the former. The article concluded by cautioning resident workmen to be more careful lest they be "overwhelmed" with Chinese labor.

In this way Protectionists have inflicted both insult and injury on the very men whom they profess to serve. From which it may be said that their tortuous and contradictory course makes it impossible to know "whether the snake that made the track was going South or coming back." Or, in harmony with the gravity and dignity of the subject, suggests the inquiry of the Great Teacher, "whether is greater, the gift or the altar that sanctifies the gift"—"the gold or the temple that sanctifies the gold."

CONTRABAND TRADE.

Protectionists are mainly responsible for the manifold evils resulting from a violation of law known as smug-

gling. The practice creates a competition as baneful and disastrous to the honest tradesmen as the competition of free trade is healthful and beneficial. The extent of the evil can only be estimated by the limited number of disclosures that come to the surface. Secretary McCulloch estimated that the loss to the government for the year 1866 was ninety-two millions of dollars by evasions of the revenue laws.

A vivid description of the evil as it existed in England in 1824 may be gleaned from Martineau's history of that period. After giving a brief description of the dark and crooked ways of the smugglers, including smuggling into France, the author says: "In both countries there was an utter dissoluteness of morals connected with these transactions. Cheating and lying were essential to the whole system; drunkenness accompanied it; contempt for all law grew up under it; and it was crowned with murder. Little children who lived near a smuggling haunt learned early to be sly, and to say anything that was convenient. Their mothers stole down to the sands at night to bring up light goods, which they might hide in the rafters of the cottage, and spread temptingly before any foolish ladies within reach. Or if they did not themselves meddle, they reproached their husbands for working at the plane or the anvil, when certain neighbors could make a pocketful of money in a night. As for the men, they were tapping a cask of spirits when their work was done at dawn, and passing the daylight hours in a

drunken sleep in some hidden place, instead of being at honest labor in the field or in the shop. As for the loss and financial injury to the nation from this state of things, it was estimated at a later period, 1841, when smuggling had much declined, that the amount of duties evaded by the smuggling of French goods alone, and exclusive of the great article of tobacco, exceeded £800,000 sterling a year, while the value of English goods smuggled into France by the Belgian frontier alone exceeded £2,000,000 sterling.

“All this demoralizing trade was taken out of the very substance of the honest trade, which would have been carried on for the general good, if our commercial system had been a wise one. The preventive service and the coast blockade, it was estimated, cost per annum nearly £1,000,000 sterling. Fifty-two revenue cruisers, with fifteen hundred officers and seamen of the navy, were always hovering about the coast; and there was the coast guard besides, with the cottages and establishments. In 1822 and 1823 the number of captures were fifty-two vessels and three hundred and eighty-five boats engaged in smuggling. The cost at that time amounted to between four and five hundred thousand pounds per year.”

In the year 1843 a suggestive and significant fact occurred, entitled, “Remarkable case of Conscience.” A man who had given in an honest return of the profits of his regular business, in paying his income tax, had be-

come conscience stricken afterward, as having paid no tax on his income from smuggling! And he therefore sent to the Chancellor of the Exchequer £14,000, as due on three years profits. There was no appearance of his having any pain of conscience about smuggling, even to the enormous amount thus indicated, while so sensitive about paying what his mind approved.

Lorenzo Sabine, of Boston, in the Detroit Commercial Convention, raised the veil, and disclosed the extent to which the practice prevailed in our colonial days, for which the mother country was of course primarily responsible, but it may be said, not in justification, but in mitigation of her error, that in those days of comparative ignorance, there was no enlightened premier to ask, in the words of Sir Robert Peel, "Why should we put our duties so high that smugglers can underbid us?" Mr. Sabine said: "Just one quarter of the signers of the Declaration of Independence were bred to commerce or to the command of ships, and were concerned in the illicit trade of the times. John Hancock was the prince of contraband traders, and with John Adams as his counsel, was on trial in the Admiralty Court in Boston at the exact hour of the shedding of blood at Lexington, to answer for a half million dollars penalties, alleged to have been incurred as a smuggler. Church members and deacons were smugglers. Ministers preached in smuggled clothes, and were paid in money earned in the contraband trade." Mr. Sabine was himself bred to evade

the navigation laws of his country. For nine years, on our north-eastern frontier, he was an active participant in the contraband trade. Though a venerable man, with the "fires of ambition utterly extinguished," and hair bleached with the frosts of many winters, his theme re-kindled within him the fervor of youth and the earnestness of deep conviction, which found but a feeble utterance when he said, "Sir, in my very nature I abhor the name of restriction."

The following illustration, showing the facility with which smuggling is carried on between the provinces comprising the Dominion of Canada and the United States, was given by Mr. E. H. Derby, before a committee of Congress at Boston, in 1870.

The government report says: "Mr. Derby stated an incident which came within his own knowledge, of a merchant tailor at Halifax, who showed him his order book, containing orders for suits of clothes from a large number of Americans, some of them wealthy residents of Boston, and which were delivered in Boston free of duty, and at the same price as if they had been delivered in Halifax."

Mr. Derby added.

"The only way was to do what the English, French and Belgians had done, that is to go back to free trade in wools." A conclusion elsewhere reached in this essay.

Is it not passing strange that the United States, whose very foundation corner stone is freedom, should seek to

abridge that freedom in one of its essential elements? What does liberty mean, if the citizen may not make the most of the fruits of his labor? Without question the "irrepressible conflict" embraces freedom of trade. Many anti-slavery men saw this from the beginning; others, like William Lloyd Garrison, saw it at a later day, whereupon they discarded Protection, and espoused the cause of Free Trade.

A fitting testimony with which to close this chapter and to manifest the impotence and folly of protective tariffs and the demoralization and disrespect of law to which they lead, is that of an agent of the treasury department, as given in the *Chicago Tribune*:

"SMUGGLING.

HOW IT IS CARRIED ON ON THE MEXICAN BORDER.

Special Dispatch to the Tribune.

"WASHINGTON, D. C., August 30.—A Treasury official who was sent to examine the El Paso Customs District on the Rio Grande, has made a general report on the condition of affairs on the Mexican border, which will attract attention. This officer maintains that smuggling is the normal condition of the inhabitants along both sides of the border, whether Texans or Mexican; that it is impossible to enforce the existing tariff laws of either country; and that the only real solution of existing complications is in a reciprocity treaty with Mexico, if not absolute free trade. The agent has traveled from the Colorado river to the Rio Grande. * * * The country, he reports, is

"THE SMUGGLERS' PARADISE."

"Smuggling is the business of the people. There is no public sentiment opposed to it. Merchants openly sell goods knowing that they are to be delivered by pack-mules in Mexico. They arrange to receive goods, knowing that they have been smuggled into Texas. The customs authorities upon either side appear to have no conscience as to the international wrong of smuggling, and countenance it by their silence. The agent considers that this condition of affairs shows the necessary dependence of the two countries upon each other, that products must be mutually interchanged, and that existing tariffs can never be enforced."

"THE YEAR 1860 AND THE TWO DECADES."

The nearest approximation to Free Trade, since the tariff of 1816 in this country, was from August, 1846, to 1860, inclusive. It will be remembered that the last ten years of this period, and the preceding decade, from 1840 to 1850, are selected as the periods, on the whole, best calculated to test the results of the two systems.

It will be found that every industrial and commercial pursuit flourished during this last decade, both relatively and absolutely. This being so, what better evidence can there be to show that there is nothing to fear, but much to gain by the emancipation of the industrial and commercial interests of the country from the oppressive re-

strictions that have so long held them in chains? During that period agriculture, manufactures, commerce and navigation were alike prosperous. Space will not permit the enumeration of many details. In manufactures the leading industries of cotton, wool and iron may be mentioned. During the fourteen years of non-protection, the home consumption of cotton increased one hundred and thirty per cent., and our exports were increasing very rapidly in the closing years of the period, reaching in value in 1860 \$10,933,796. The woollen manufactures increased during the last seven years of the non-protection period sixty-two per cent, and the greater part of this increase occurred from 1857 to 1860, when foreign wools, costing less than eighteen cents per pound, were admitted free of duty. There was made in 1860 nine hundred and thirteen thousand tons of pig iron, an increase of one hundred thousand tons over any previous year, and what is better, it found a ready sale at remunerative prices.

Our exports of domestic manufactures in 1860 exceeded in amount the highest point ever before reached, aggregating \$48,090,644! over two hundred per cent. increase in ten years. The great industry underlying our national prosperity is that of agriculture; its production of wealth is double that of manufactures, fishing and mining, as shown by the census of 1860.

The decade from 1850 to 1860 yielded an increase of agricultural production over the previous decade of "fully one hundred per cent." Statistics show that the number

of persons engaged in manufactures, mining and fishing increased from 1850 to 1860 a trifle faster than the population, thereby proving that under a Free Trade tariff there is no drain of population from the latter industries to agriculture: "Our exports in 1860 reached the aggregate value of \$400,000,000, which was \$43,500,000 more than during any previous year. Our imports were \$362,000,000, decidedly more than any other year. The people of the United States consumed 332,000 tons of sugar in 1857, and in 1860 they consumed the enormous amount of 464,000 tons—more than in any other year of our previous history."

The consumption of sugar per capita ranged during the 1840 to 1850 decade from 13.03 pounds to 19.47 pounds. During the four years of protection the consumption was 13.34 pounds, whereas in the 1850 to 1860 decade the range was from 29.66 to 34.54 pounds—the latter being the rate of consumption for the years 1859 and 1860.

"The mean annual consumption of tea in the United States, which was sixteen million pounds in the decade ending with 1850, was twenty-seven million pounds in the decade ending with 1860."

The consumption of coffee, no less than that of sugar and tea, forms a test of national prosperity at any given time. The tables show that during the decade from 1840 to 1850 the consumption of coffee per capita was 5.66 pounds to 5.80 pounds, whereas during the decade

from 1850 to 1860 the consumption ranged from 6.45 to 7.55 pounds.

A glance forward shows the consumption from 1860 to 1868 to have been 4.20 to 5.33 pounds, and looking backward to the eight years of high protection, from 1824 to 1832, the table shows a consumption of only 2.40 to 3.45 pounds. Thus the evidence is complete that the people of the United States had more money to spend for these comforts from 1850 to 1860 than ever before in the history of the country. From 1831 to 1851 the cotton crop of the United States ranged from one million to two and one-third millions of bales per annum. In the year 1860 it had risen to the enormous crop of four millions six hundred and seventy-five thousand seven hundred and seventy bales, almost a million more bales than were ever grown in the United States in any previous year of our history. The census reports show that in 1850 our wheat crop was 100,000,000 bushels, and in 1860 it was 173,000,000 bushels. In the decade from 1840 to 1850 the increase in the barley crop was but 1,000,000 bushels; in the decade from 1850 to 1860 the increase over that of the previous decade was 10,000,000 bushels. In 1850 the value of the American farms was three and one-quarter billions of dollars; in 1860 it was by the census six billions six hundred and forty-five millions of dollars, an increase of one hundred and three per cent.

From the statistics of manufactures given in the census

of 1850, nine hundred and fifty-seven thousand hands were employed; in 1860 thirteen hundred and eleven thousand. In 1850 the products of manufactures amounted to \$553,000,000; in 1860 \$1,009,000,000, an increase of ninety per cent, while population increased but thirty-five per cent.

A most impressive fact is found in the unexampled increase in value of the real and personal property of the United States during the decade from 1850 to 1860. From 1830 to 1840 the increase was fifty-three per cent., and the valuation of 1840 was \$3,964,322,000. From 1840 to 1850 the increase was eighty per cent., and the valuation of 1850 was \$7,135,780,228.

But from 1850 to 1860 the increase was one hundred and twenty-six per cent, and the valuation of 1860 was \$16,159,616,068.

It is a significant fact, that in the census report of the Secretary of the Interior, ending with June 1st, 1860, in but one instance does he suggest that any additional protection would do good—that is in regard to wool, and this is evidently out of respect to certain “most intelligent and experienced wool growers,” who ask a share of protection fairly proportioned to the importance and requirements of the interest which they represent, and to that given to those who manufacture their raw material. At the same time he admits that “there has been no coincidence between high and low wool prices and what are termed high and low tariffs, but quite as often precisely the reverse.”

Without anticipating the evidence, which shows that protection depresses the price of wool, it is gratifying to note that of all the vast industrial avocations that aggregate the nation's material interests, but one item in the single but great interest of agriculture should have been recommended to the attention of Congress from the standpoint of protection. This in connection with the statement that the "capital of the nation never increased so fast," and that our "internal and foreign trade kept pace with our advance of production and increase of capital," should be accepted by the candid mind as demonstrating the success of Free Trade principles in the United States.

In the language of Webster, "intelligence and industry only ask fair play and an open field."

In complete accord with the industrial development of the 1850 to 1860 decade was the diffusion of knowledge and the increase of banking capital. The former is indicated by the fact that in 1850 there was published in the United States periodicals and papers of every class to the number 2,526. In 1860 the aggregate under this head reached 4,051, showing a rate of increase of 60.37 per cent.

The total circulation of all kinds amounted in 1850 to 426,409,978 copies; in 1860 the annual circulation is stated at 927,951,548 copies, showing a ratio of increase of 117.61.

THE DEVELOPMENT OF BANKING FACILITIES.

The census report says: "Among the evidences of prosperity and general accumulation of wealth in the United States, the multiplication of banks with increased aggregate capital is one of the most significant. The bank movement in the United States during that period

underwent great expansion, without becoming less sound. In 1850 there were 872 banks, with a capital of \$227,469,074; loans, \$412,667,653; specie, \$48,677,138; circulation, \$155,012,911. In 1860 the number of banks had increased to 1,562; capital to \$421,880,095; loans to \$691,945,580; specie to \$83,594,537; circulation to \$207,102,477. The decade opened with a very lucrative banking business. Industry of all descriptions was very active and productive, and there never was a time when capital accumulated so fast. A remarkable evidence of which was afforded in the vast amount expended in the construction of railroads, while of the large capital accumulated a considerable portion was employed in banking. The incorporated bank capital increased nearly \$200,000,000, and the private bank capital nearly half as much.

The report of the Treasury Department gave the latter amount at \$118,036,080.

AGRICULTURE MORE PROFITABLE UNDER FREE TRADE TRADE THAN UNDER PROTECTION

The tables show that not only was production far greater under a free system, but they also show that the farmers received better prices for their products during the decade from 1850 to 1860 than they did during the decade from 1840 to 1850. One reason for the enhanced prices referred to was the rapid construction of railroads which followed the four years of high protection, from 1842 to 1846, during which time but 904 miles were constructed, whereas, during the revenue tariff period which followed, more than that amount was built on an average annually. During the decade from 1850 to 1860 21,613 were built.

In the single year of 1860 1,846 miles were constructed. There was also a corresponding development of our foreign tonnage during this decade.

Our merchant marine has always expanded and contracted as the tariffs have gone up or down in an inverse ratio, reaching its minimum of contraction per capita under the high protective tariff of 1828; thereby showing that the fears of the navigators of Portland were well founded when they had the flags of the shipping lowered to half mast on the passage of the bill.

During the decade from 1840 to 1850 the tonnage per capita ranged from .048 to .069, whereas in the decade from 1850 to 1860 it ranged from .072 to .094.

The minimum of contraction, .045, was reached in 1830. In the year 1860—the culminating point of fourteen years of revenue tariff—"the tonnage of our ships upon the seas was 5,353,858 tons, which was more by 140,000 tons than in any other year of our history, before or since. Two-thirds of our imports were then carried in American bottoms, as were also more than two-thirds of our exports."

The cheapening of transportation not only added to the value of the agricultural surplus shipped abroad, but to the value of that sold at home, for home consumers are obliged to pay what produce will bring for exportation. These enhanced prices were not limited to a few articles, but on the contrary, extended to nearly every important agricultural product. A list of prices from W. M. Grosvenor's valuable work entitled, "Does Protection Protect?" is appended.

LOWEST NEW YORK WHOLESALE PRICES CURRENT
AUGUST 1ST.

	1845.	1860.
Flour . . . per bbl.	\$4 31	\$5 05
Rye	2 87	3 50
Corn Meal	2 31	3 40
Wheat . . . per bush.	90	1 40
Rye	68	81
Oats	42	40
Corn	51	64
Lard . . . per lb.	7	12
Butter	15 to 16	10 to 19
Cheese	5	7
Rice . . . per cwt.	3 50	4 50
Clover Seed . . per bush.	6 00	8 00
Sugar, New Orleans, per lb.	5	6
Tallow	7	10
Tobacco, Kentucky it ranged	2 to 7	3 to 12
Wool, Common	24 to 36	34 to 38
Wool, Merino	32 to 34	48 to 52
Wool, pulled No. 1.	28 to 30	28 to 30

Wool, the last article on the list, is one out of which Protectionists have endeavored to make capital; and yet it is clear that Protective tariffs have depressed its price and injured the wool growers. It was most depressed during the high Protective period; in the midst of the decade from 1840 to 1850, common and Merino wool brought twelve cents a pound less during that high Protective period than it did in 1860. The reason is, in brief, this; the exclusion of foreign wools under these high tariffs paralyzed the woolen industry. The cloth manufacturers do not hesitate to say that they can pay more money for American wools when they can obtain the needed grades of foreign wools to mix with them.

Senator Anthony, of Rhode Island, who by the way, is a Protectionist, speaking of Mestiza wool, says: "Much of it can be bought by the manufacturers of Germany, England and France, for the same price per

pound that would be paid by us in duties ; this enables them to send into the United States their fine goods which only pay a duty to our government of 60 per cent., whereas the duty paid to this government on much of this same kind of wool, amounts to from 100 to 120 per cent., leaving our manufacturers from 40 to 50 per cent. worse off than they would be under a Free Trade system."

To place this matter in a stronger light, I quote from Edward Harris, of Woonsocket, R. I., whom Mr. Greeley called "The veteran, eminent and successful manufacturer." He said in 1869: "This (the duty) has put down the price of the wool in Europe so low, that it enables their manufacturers to produce their fine goods so low, that they can and will eventually drive us out of the market. It is worse to the American manufacturer than Free Trade by 50 to 60 per cent., while the poor wool grower is killing off his fine wool sheep. * * * I venture to suggest that we have a tariff simply for revenue, that the reciprocity treaty be renewed, and that all duties on raw materials be repealed."

If there is still doubt that these attempts at prohibition injure the wool growers, the testimony of Mr. Greeley himself ought certainly to dispel it. In his table, page 264 of his "Political Economy," he compares prices of wool in 1860 with prices in 1866 and 1869. The analysis of the table shows a decline of prices in 1866 of from three to eight cents per pound, and from 1860 to 1869, of from four to eleven cents per pound.

The tariff of 1867 is understood to have been the highest tariff ever enacted in the United States. No doubt many wool growers thought it would bring better prices for

their wool, and yet the opposite effect followed, precisely as under the high tariff of 1842, when it fell lower than at any period in our history, common wool averaging during those four years but twenty-three and a half cents per pound.

The great staple of cotton, though not in the table, formed no exception to the rule. In 1843, the price of cotton fell in Liverpool below five pence, and so remained until the tariff of 1842 expired. Subsequently it rallied, and realized about two cents a pound more during the fourteen years of non-protection which followed, which, by the way, were also years of Free Trade in England. The price in the United States dropped to six cents, and during those four years averaged only seven cents. * * * "Whether the tariff of 1842 caused the low price or not, the table shows that in every period of Protection until the war, the price has been low." Under the Free Trade tariff that followed, the cotton grower received better prices; two enormous crops pushed down the price in 1849, but in no other year thenceforward was the price as low as the average for the whole tariff of 1842. "Taking this tariff period as a whole, the gain from 1846 to 1860 to the grower, was from seven-eighths a pound to ten-eighths a pound, or over fifty million dollars on the crop of 1860.

RECIPROCAL TRADE.

The quotation made from Mr. Edw. Harris, contains an excellent Free Trade platform. He says: "I venture to suggest that we have a tariff simply for revenue, that the Reciprocity Treaty be renewed, and that all duties upon raw materials be repealed."

It was not intended to discuss the question of the renewal of the Reciprocity Treaty; but it having come to the surface in the presentation of the main question, a few remarks will be in order, beyond which the reader is referred to David A. Wells' essay "Why we Trade," published in Putnam's Series of "Economic Monographs." Its advantages to both countries are there fully discussed. The benefits of the measure are two-fold; first, those which flow from the greatly increased trade to which it gives rise: in the second place, the evil which it averts in diminishing or stopping entirely the contraband trade, according as the treaty may be more or less comprehensive and perfect.

A boundary line of some two thousand miles in extent affords extraordinary opportunities for the operations of the smuggler. The question opens a rich field for the exercise of wise, broad and comprehensive statesmanship.

In the Detroit Commercial Convention, in 1865, the Protectionists carried their point in favor of abrogating, instead of revising the then-existing treaty; but it was done on a compromise basis, the Protectionists uniting in the passage of a resolution requesting the government of the United States to initiate measures for negotiating a new treaty, which resolution passed the Convention unanimously, amid much enthusiasm. But the sequel has shown that the new treaty, when formed, was defeated in the Senate by the Protectionists, although they had united in the request for its negotiation. The truth is, that the Free Traders and friends of Reciprocity in the Convention were out-generaled by their adroit and not over-scrupulous opponents. An illustration of the

extraordinary measures resorted to by the Protectionists to defeat the renewal of Reciprocity, occurred in the plea made by the United States Consul-General of Canada, before the Detroit Board of Trade, prior to the meeting of the Convention; it was that by withholding Reciprocity, Canada could be coerced into annexation—a stupid and unworthy thought concerning a measure which many of our best and most intelligent citizens do not favor, believing it better for the United States that there should be on our Northern border a friendly and prosperous republic. It may be that the delay which has occurred in the renewal of reciprocal trade, is to lead to the formation of a more complete and comprehensive treaty—to a zollverein—that is to say a customs union.

Bearing on this subject, the following correspondence is reproduced—in the belief that the question in this form is entitled to further consideration from the respective countries interested.

BOSTON, *October 12th, 1877.*

TO THE RIGHT HON. WILLIAM EWART GLADSTONE, Hawarden, England.

SIR:—The question of reciprocal Free Trade between the United States and Canada excites some interest here. In connection with the discussion the question has been raised as to whether, in the event of negotiations being entered into with the object of a Reciprocity Treaty, England would insist that Canada should admit English manufactures on the same terms as she might agree to extend to American goods of the same class. In other words, would the Canadians be permitted under treaty to give advantages to Americans which were withheld from their British fellow subjects? The question, though apparently a side issue of not much importance from an American standpoint, has really a great deal to do with deciding the practicability of a comprehensive treaty. Pardon, therefore, the liberty I take in asking what is the traditional policy of England in relation to the matter, and whether the present government have made any decisive statement as to their course in such event? for, if I mistake not, the question did come up for consideration a few years ago, when a treaty was

under discussion. The fact that the business men, and others interested, wished to obtain some definite information on a point little understood in this country before the matter comes up during the approaching session of Congress, must be my apology for troubling you.

Very respectfully,

PHILLIPS THOMPSON.

ENNISKERRY, *October 30th.*

PHILLIPS THOMPSON, Esq., Boston.

SIR:—The question you put is one of much difficulty, and I am unable to give you an answer which should or ought to guide you or others. No other country except this would, however, I think, regard it as an open one, and in this country, I think, the decision would depend mainly on the views and leanings of the Colonial Minister and government of the day.

Yours very faithfully, &c.,

W. E. GLADSTONE.

PROTECTION A SWORD WITH MANY EDGES.

The same disastrous interference with industrial interests has always occurred under the operation of protective tariffs. Under that of 1828, in the city of Philadelphia, more than three hundred persons engaged in the mechanic arts, whose raw material was bar iron, petitioned Congress for relief from the embarrassment and loss brought upon them by that oppressive measure. Under the tariff of 1861 some of Detroit's large and important industries suffered greatly.

Take an example, in the Detroit Bridge and Iron Works. Said Mr. Willard S. Pope: "Was it not for the excessive cost of pig iron caused by the tariff, we should now be employing ten men where we employ one. Let this illustrate how many edges there are to the sword of Protection, and how it slashes into honest industry at every turn."

Francis Wayland, for a long time the esteemed president of Brown University, and the author of two well

known text books, in his "Political Economy" enquires, "by what right society thus interferes with the right of an individual? When did the individual surrender this right? It is in vain here to urge that society has the right to destroy individual property in case of extreme necessity, because in order to render this plea available, it must be shown that this is a case of extreme necessity, and it is always bound to make good the loss to the individual. I think that if the protected interests were obliged to make good the loss which the system inflicts on all other interests, the demand for it would be less urgent than at present, and protection would be considerably less injurious."

Besides the loss that the system entails on society as a whole, and on the non-protected interests in particular, it creates a peculiar peril, which sometimes results in severe commercial disaster to the protected interests. It is familiarly called over-production, and at the present time its victims can be counted by tens and hundreds of thousands; and of the industries prostrated, the pig iron manufacture forms a striking example, concerning which the Secretary of State, William M. Evarts, reports, "that out of seven hundred and fourteen blast furnaces, four hundred and seventy-eight are out of blast, representing \$100,000,000 of idle capital."

Severe as this matter is in regard to the waste of capital, it is much more so when considered in regard to the number of men thrown out of employment, and the many families that have been thereby involved in privations, and brought to the verge of starvation itself. So far as leading Protectionists are concerned, it may be considered a just retribution, but in respect to operatives

it can only be viewed as an unmitigated calamity. Had the "Iron Masters" been content with doing well under the revenue tariff of 1860, which afforded an incidental protection to pig iron of twenty-four per cent., how much of loss and suffering would have been averted! Smiling and prosperous cities, towns and villages, of which Wyandotte in this state forms a bright example, might then have continued prosperous indefinitely, instead of presenting the very embodiment of depression, now patent to every beholder.

The Hon. James Buchanan had voted for the high tariffs of 1824, 1828 and 1842, but in 1846 he had a vivid conception of the evil under consideration, and to a meeting called at Pittsburgh, to rejoice over Polk's triumph, transmitted this sentiment, "Domestic manufactures. They have been saved by the election of James K. Polk from being overwhelmed by the immense capital which would have rushed into them for investment, and from an expansion of the currency, which would have nullified any protection short of prohibition."

To the same purpose I quote the golden words of the Hon. James Lloyd, a United States Senator from Massachusetts, in 1820. A bill had passed the house to increase the tariff in the interest of Protection, and was pending in the Senate, when he spoke as follows: "I am interested in manufactures. I own stock in one of the cotton mills now running in my state. That mill regularly pays good dividends, and is likely to do so indefinitely, if the tariff is let alone. But should you pass the bill, hundreds of such factories will be erected, till the market is glutted with their fabrics, when prices must fall, and our concern very possibly may be broken down. I choose to let well alone, and intreat you not to pass the bill."

“Whom the gods destroy, they first make mad,” from which it is not meant to intimate that Protectionists are insane, only that a diagnosis of their case would reveal a decided tendency to monomania. Hence it is that in the midst of severe business losses, verging on financial ruin, caused by their own measures, they still cherish their peculiar hallucination.

It has been claimed that Protection would in some way benefit the farmers, but it has been seen that facts are all against the assumption. The truth is that there are but two ways in which they can be benefited by government. The first is to cheapen transportation by reducing the cost of articles which enter into the construction of ships and railroads, and which the farmers require to buy, by the repeal of excessive duties imposed in the delusive name of Protection.

Give them their agricultural implements, their lumber, their salt as a fertilizer, and for their stock and daily use, under the beneficent operation of the broadest competition, and you aid that deserving interest to an extent that it is difficult to estimate. In the second place let government cheapen transportation by improving the great water ways of the country, and in relieving commerce from all those legislative burdens that have operated to bring it down from the proud position that it occupied in 1860 under a free system. On this important subject I quote from the able speech of the Hon. James F. Joy, delivered before the Detroit Commercial Convention of 1865. He said: “Having said all I desire to say on the value of this, or some fair and just treaty, as it affects the commercial interests of the country, I desire to speak of it now as it affects western interests. * * *

It is this consideration which makes the provisions of the Reciprocity Treaty of immense importance to the whole Northwest, and brings them home to the ten millions of people already inhabiting this great and fertile region, and soon to be double that number. The interests of that great population it is not in the power of the government to protect by tariffs; they must compete freely with the world, with the Pole, the Russian, the Egyptian, as well as the Englishman, in the markets of England and France. Who can estimate then the importance to the west of an open trade and unobstructed highway to the ocean, ample for ships of the proper dimensions, to render cheap transportation profitable! Those who can appreciate this may know the importance of the Reciprocity Treaty to the lake country which shall secure this object. The statesman who does it will merit the gratitude of a countless population in all coming time, who will be relieved and enriched by his statesmanship."

When will the people of Michigan learn that the public men to whom I have referred have been bitterly opposed to their interests!

LABOR AND WAGES.

There is no one test more sure to indicate the measure of prosperity that attends a nation at any given time than the condition of the working classes. If they have plenty of work at remunerative wages, it is the best evidence to prove that times are prosperous. The unprecedented production of the decade from 1850 to 1860, in agriculture and manufactures, in ship-building and in the construction of railways, go to prove that work was

abundant. What remains to be shown is that wages rule higher under non protective tariffs than under those of protection.

The Secretary of the Treasury, towards the close of 1845, sent out numerous letters throughout the country requesting information concerning certain industrial interests during the preceding three years of protection, also during the preceding ten years, which included seven years of comparative non-protection.

In the cotton manufacture over twenty establishments in New England made returns. The wages averaged per man one dollar and seventeen cents per day! Women fifty cents, and for boys and children thirty-two cents. But the vital question is, whether these wages, however small, were an increase on those paid under non-protection in earlier years. On this point there can be no doubt. Not a single one of these establishments claimed to have increased the wages paid. Some claimed they were paying the same as for twenty years before, while others admitted they reduced wages in 1842. The Hamilton mill at Lowell said: "The number of persons employed is as follows, men 245; wages \$1.03 per day. Women, 69; average pay fifty-three cents per day. Boys, 34; average wages forty-four cents per day. In 1842 this company made a small reduction of wages."

In New York fourteen cotton mills reported. Four of these state that wages have not materially varied; but these, all paying the highest wages, reported frankly, ascribing their prosperity in part to "diminished wages paid," a "small percentage of reduction, or a decline of labor." In soap establishments wages had declined; on an average only sixty-nine cents a day was paid. In one

salt establishment the wages were on an average only \$8.00 per month. Finally the wages paid in the twelve woollen mills that reported in the eastern and middle states averaged eighty-nine cents for men, and thirty cents for boys. Not one of these establishments claimed that there was any increase of wages. One paying seventy-five cents a day to men, stated that wages had declined.

"It is," says W. M. Grosvenor, "conclusively proved that American labor in the aggregate received less wages under the tariff of high duties in 1845 than it did under the revenue tariff of 1840. It further appears, that under the lowest phase of revenue tariff, Hon. E. B. Bigelow, the great carpet manufacturer, paid his men in 1859 \$9.12 per week on an average, whereas in 1849, under a revenue tariff not so low as that in force in 1859 and 1860, he only paid his men \$8.40, all going to show that the nearer we approach a strictly revenue or Free Trade tariff, the higher wages men receive, and when it is considered that revenue tariffs reduce the cost of many of the necessities and comforts of life, the double gain thereby conferred on labor can readily be seen. To be placed side by side with the extract from the Senatorial speech of John Rowan, made in 1828, an extract follows from the speech of Senator Beck, made in the same Senate chamber, after the lapse of half a century, in the year 1878. Both gentlemen spoke as organs of the state of Kentucky; both spoke to the same purpose, and both felt the same sense of indignation at the injustice perpetrated under the deceptive name of Protection: "We have had Protection—God knows we have had nothing else—for the last twelve years. I would like to know

where all the immense profits made by the manufacturers by virtue of the protection they have unjustly maintained in the last twelve years have gone. It is obvious that their employees have not been the beneficiaries. They are, it is claimed, in a starving condition. Thousands are reduced to beggary, and have become tramps, instead of industrious operatives. Protection has not protected them. * * * But the palatial residences, the magnificent equipages, the princely style of living of the protected owners of that machinery, attest where the profits of their sweat and toil, and the money of the tax payers all over the land, have gone. And the clamor they are making in these halls, the lobbies they have organized, the newspapers they have subsidized, the arrogance with which they demand the maintenance of these bounties in perpetuity, attest equally their insolence and their confidence in their power.

They have the audacity to require their operatives, the victims of their greed, to petition the representatives of the people for a continuation of the system which has produced these results, and they set themselves up as the special guardians of the laboring poor. Representatives in these halls are threatened with defeat if they dare oppose, and are lured by promises of promotion if they obey their orders. The poor are becoming poorer, and the rich richer; extreme poverty and immense fortunes are brought in sharp contrast, and the masses are used by their masters to influence legislation, to still further enrich the already over-protected few."

THE NARROWNESS OF PROTECTIONISTS.

Justin S. Morrill, the chief architect in framing the exorbitant tariffs of the war period, went so far as to con-

demn the policy that permits our citizens to ship their produce over Canadian railways. What must the people of Michigan think of such statesmanship, when they remember the universal joy with which they greeted the advent of the Great Western Railway into Windsor, virtually into the City of Detroit! We look back with pleasure to the celebration of that event in the huge freight-house of the Michigan Central Railroad—shared in as it was by our Dominion friends, and by the cities of Chicago, Milwaukee, and others of the great Northwest. Shall that era of international peace and goodwill ere long return to bless our nation, state and city? I am glad to say the signs of the times point strongly in that direction.

An appeal is made to all whose recollections cover the end of the period of Free Trade, to say, whether the fourteen years of non-protective tariff rule did not bring us to a degree of prosperity long to be remembered and greatly to be appreciated. That this was so, Senator Morrill himself has borne testimony when he said, "The year 1860 was not only a year of as large production, but perhaps of as much general prosperity as any year in our history." And still stronger is the testimony of General James A. Garfield, who said in his late resumption speech, "I suppose it will be admitted on all hands, that 1860 was a year of unusual business prosperity in the United States. It was at a time when the bounties of Providence were scattered with a liberal hand over the face of our Republic; it was at a time when all classes of our community were well and profitably employed; it was a time of peace, the apprehensions of our great civil war had not yet seized the minds of our people; great

crops, North and South—great general prosperity—marked the era.”

YET MORE CONCLUSIVE.—President Lincoln’s Secretary of the Interior, the Hon. Caleb B. Smith, besides contributing the most valuable of the statistics herein quoted, bears the strongest possible testimony to all that is claimed, which is that the decade ending in 1860 under a revenue tariff, shows that an unprecedented prosperity marked the manufacturing, agricultural and commercial interests of the United States. That labor received its full reward and that little or nothing remained to be desired, to fill up the measure of the Nation’s material good. It was reserved for a Free Trade era, and for a Free Trade policy, to accomplish “the diversification, perfection and extension of manufactures, in nearly every branch throughout the United States, and to harmonize this grand result with the harmonious development of all the great interests of the people.” Compared with which no corresponding triumph was ever achieved in the history of the Republic. The report says: “Without any special stimulus to growth—depressed indeed, during the years 1857 and 1858, in common with other public interests, by the general financial embarrassments of those years—and with a powerful competition in the amazing growth of manufactures in Great Britain and nearly every other nation of Europe, the manufactories of the United States had nevertheless been augmented, diversified and perfected in nearly every branch, and almost uniformly throughout the Union. Domestic materials whether animal, vegetable or mineral, found ready sales at remunerative prices, and were increased in amount with

the demand, while commerce and internal trade were invigorated by the distribution of both raw and manufactured products. Invention was stimulated and rewarded. Labor and capital found ample and profitable employment, and new and unexpected fields were opened for each. Agriculture furnished food and materials at moderate cost, and the skill of our artisans cheapened and multiplied all artificial instruments of comfort and happiness for the people. Even the more purely agricultural states of the South were rapidly creating manufactories for the improvement of their great staples, and their abundant natural resources. The Nation seemed speedily approaching a period of complete independence in respect to the products of skilled labor, and National security and happiness seemed about to be insured by the harmonious development of all the great interests of the people. "

CONCLUSION.

A question not involved in the issue between Free Trade and Protection, but germane to it, presses on the public mind for solution. It is whether direct taxation as provided for in the Constitution, or one of its modified forms, would not be more economical and just than even a revenue tariff. My own conviction is that it would. To say that any system of taxation that relieves the wealthy, and imposes unequal burdens on the poorer, but not less worthy, members of society is objectionable, is but to utter a truism. That a tariff for revenue in some measure does this, must be admitted. It sometimes happens that a millionaire consumes less of the

commodities that pay import duties, than the toiling artisan who is not to the same extent interested in the protecting power and stability of the government, and certainly ought not to be coerced into the payment of equal or greater taxes.

It has, however, been shown that a revenue tariff has proved a great boon to the people of the United States, and for its renewal every well-wisher of his country should earnestly strive, trusting, it may be, to the operation of time to effect the still more perfect results of direct taxation.

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An essay on free trade

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